

Approved For Release
2009/08/14 :
CIA-RDP85T00875R001500020

Approved For Release
2009/08/14 :
CIA-RDP85T00875R001500020

Secret

Doc/Sec

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

*Communal Politics In Malaysia:
The Search For A New Beginning*

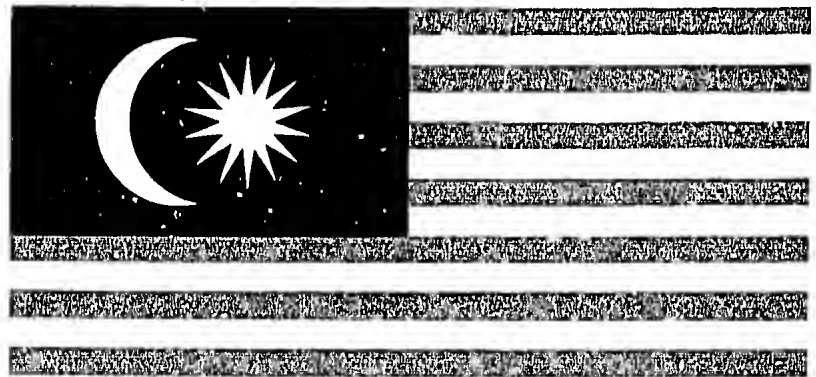
**DSB FILE COPY
RETURN TO 1E-61**

Secret

Nº 680

**13 November 1970
No. 0396/70A**

Page Denied



Communal Politics In Malaysia:

The Search For A New Beginning

With the resignation last month of Prime Minister Tunku Abdul Rahman and the installation of a new cabinet headed by the Tunku's long-time deputy and heir apparent, Tun Abdul Razak, Malaysia is approaching the end of the emergency rule imposed after the racial conflagration of May 1969. These political ceremonies predictably were accompanied by public expressions of confidence and national reconciliation. Despite the brave words, however, everyone in Kuala Lumpur is painfully aware of the bitter legacy of 1969, and no one is under the illusion that the political life of the nation can simply be picked up where it left off some 18 months ago. On the contrary, the ruling Alliance Party, its previous policies discredited and its new leadership a question mark, is venturing into political no-man's land without enthusiastic support from any significant quarter.

The government's uncomfortable position is a direct result of the national elections of May 1969 and the days of anti-Chinese violence that followed. The basic contradiction between the concept of Malay political supremacy and the government's liberal, democratic posture finally surfaced; the Chinese and Malay communities backed away from each other and any meaningful dialogue. Since then, the alienation of the two communities from each other and from their government has grown. The ruling Alliance Party, with its communal policy of moderation, compromise, and, at times, hesitation, has been left high and dry. Under these difficult circumstances, it is somewhat surprising, but hopeful, that the government has opted for a gradual return to the pitfalls and uncertainties of open political life. Malays backed the imposition of emergency rule and would undoubtedly favor its continuation if they were convinced that the government was ready to adopt strong pro-Malay policies. The moderate Malay leadership, however, has chosen a different and far more hazardous road. The government must recapture its disaffected Malay constituency and at the same time find a way to halt the mounting alienation of the Chinese community. Given the political and social vise in which the government finds itself, the rebuilding of some form of multiracial political system will be difficult. Whether the new government can muster the wisdom, skill, and strength to keep its balance remains very much an open question. The good intentions of Tun Razak and his lieutenants will not by themselves be enough. There is a seeming willingness on the part of all parties, however, to let the new Razak government have a fair chance to succeed.

SECRET

SECRET

25X1

The Underlying Reality of Malay Nationalism

Widespread Malay disenchantment with the United Malay National Organization (UMNO), the principal component of the ruling Alliance Party, is at present the single most important reality of Malaysian political life. UMNO leadership, complain the Malays, has not done enough to strengthen their "special position" in their native land. They argue that the time has come to reconcile the Chinese community to the fact that ultimate political power in Malaysia is a Malay prerogative and that this power will be used to obtain for the Malay a proper share of the nation's wealth. If this can be done at no significant expense to Chinese interests, all the better. But if not, they contend, the Chinese will simply have to pay the price required to remain in a Malay land. Any assessment of the political situation in Malaysia must take into account this new Malay assertiveness and its implications for the future direction of events.

Since Malayan independence in 1957, political power has been held by a handful of Malay elite, molded by English education and tradition, and dominated by Tunku Abdul Rahman. Although the Tunku and his colleagues expected non-Malays to accept voluntarily the dominant political position of the Malay, they preferred to down-play this touchy subject and to emphasize the concept of a multiracial democracy in which the political, economic, and cultural rights of all citizens are protected. Under this style of leadership Malaysia became known as a model of communal and political stability; but, in retrospect, one suspects that the unifying effect of two successive security threats—the Communist emergency of the 1950s, and the Indonesian confrontation of 1962-65—was in large part responsible for Malaysia's enviable record. At any rate, Malay discontent with the government's even-handed communal policy was always near the surface. As they became more and more embittered and frustrated over their inability to overcome the legacy of centuries of feudalism, poverty, and ignorance, growing numbers of Malays

came to see the Tunku's highly publicized British sense of fair play as evidence of treachery and betrayal of their interests.

Obscured by the nation's over-all economic growth and prosperity and the Tunku's tendency to dismiss signs of unrest as the work of a few "ultras" or extremists, the depth of Malay disaffection went unnoticed until the parliamentary elections of May 1969 and the ensuing anti-Chinese violence. Although much has been made of the unexpected success of Chinese opposition parties in the 1969 election, gains by the Pan-Malayan Islamic Party (PMIP), a small right-wing party harshly critical of the government's "soft" approach toward the Chinese, were actually more significant. The PMIP captured three UMNO seats, but far more importantly, it captured over 40 percent of the total Malay vote. The UMNO managed to retain a comfortable majority of Malay seats, but it had come close to electoral disaster. In the past eighteen months the UMNO's foundations within the Malay community have continued to erode, and today few observers would care to place much money on the party in a head-on test of strength with the PMIP. Presently, the government is refusing to schedule two overdue parliamentary by-elections in Selangor and Malacca because its own private survey indicates that both seats, now held by UMNO, would fall to the PMIP.

What all of this means is that the top echelon of UMNO is no longer in a position to dismiss Malay criticism of its communal policies as the reaction of a few "ultras." Indeed the term "ultra" has probably lost much of what meaning it ever enjoyed in the Malaysian political lexicon. Although nationalist Malay opinion may be judged "ultra" or extremist by an absolute standard, it is by no means limited to the PMIP. It presently runs the breadth and depth of the Malay community, including UMNO itself.

In the past UMNO has been run in an extremely authoritarian manner; the views of the top echelon were simply imposed on the rank and

SECRET

SECRET

25X1

file. Many senior officials of UMNO, although perhaps not sharing the PMIP's desire for a rigid Islamic state, have sympathized with the PMIP's blunt pro-Malay posture. At the Kampong level it would probably be quite difficult to distinguish the politics of the local UMNO organizer from those of his PMIP counterpart. In the future there is likely to be much more give-and-take between Razak and these secondary echelons of UMNO, long ignored by the Tunku. The top leadership is bound under the existing political circumstances, to become more receptive and vulnerable to pressure from below.

Identifying the specific sources of such pressure is not easy, because Malay nationalists within and outside UMNO have always been short of forceful and articulate spokesmen. Perhaps the single most important figure to watch in the coming days is Dato Harun bin Idris, a senior UMNO official and chief minister of Selangor. Although apparently loyal to Razak, Harun has been an outspoken critic of UMNO's communal policies and has lines out to Young Turks in UMNO and the military. In May 1969, Harun delivered a fire-eating speech to a large assembly of young Malays in Kuala Lumpur—one of the developments that led directly to the anti-Chinese rioting.

Another Malay nationalist who may assume a position of influence is Musa bin Hitam, a former assistant minister to Razak. Following the May 1969 riots, Musa openly advocated the retirement or dismissal of the Tunku and was as a result relieved of his assistant ministership. Subsequently, Musa went to London to study, but when the Tunku announced in August that he intended to retire, Musa quickly reappeared in Kuala Lumpur. There is an air of vindication in Musa's sudden return, and he is reportedly slated once more to become one of Razak's assistant ministers in the new government. Another Malay frequently identified as an "ultra" leader is Dr. Mahathir bin Mohamed, a 45-year-old physician from Kedah. Mahathir was known in mid-1969 for his opposition to the Tunku, and for this was

dismissed from the central executive committee of UMNO and later from UMNO itself. In addition to practicing medicine, Dr. Mahathir is a journalist and has frequently contributed articles on Malays and politics to various Malaysian publications under the pseudonym of C. H. E. Det. Mahathir is also the author of "The Malay Dilemma" published in Singapore in 1970 and banned in Malaysia. In this book Mahathir points out the essential differences in background, culture, political systems, and acquisitiveness between the Chinese and Malays. Because of these factors, he questions whether the Malays could ever compete with the Chinese on an equal basis and suggests that the only way to close the economic gap is for the government to weigh the scales heavily in favor of the Malays. Mahathir has been generally politically inactive since his expulsion from UMNO, but he remains a potential leader of those favoring Malay supremacy.

Another influential channel of Malay nationalism is "Utusan Melayu," the UMNO's unofficial press organ. The Jawi script edition of "Utusan Melayu" enjoys by far the largest circulation of any newspaper in Malaysia and is widely read at the Kampong level. For years, "Utusan Melayu" has been notorious for its chauvinistic Malay tone—a fact that kept its UMNO editors perpetually in the Tunku's doghouse. Last spring, for instance, "Utusan Melayu" raised the Tunku's ire by implying that the Malay military establishment might take over the government and do a better job of protecting Malay interests than the previous administration. In the months ahead the restraint or excess of "Utusan Melayu" polemics may shed some light on the degree of nationalist sentiment and influence within UMNO and the new government.

Another barometer of nationalist pressure is the Malay university student. One of the most dramatic indicators of the change in political climate in Malaysia has been the radicalization of the Malay student movement and its turn toward political activism. In the past, student politics were dominated by the University of Malaya

SECRET

SECRET

25X1



The Races Mix at the University

Student Union, a left-of-center, multiracial organization with little real strength or appeal. Following the events of May 1969 it was quickly pushed into the background by the Malay Language Society, which soon gained a degree of national political importance as the spearhead of the effort to force the Tunku's resignation. Student agitation against the prime minister, ignored by the Tunku himself, was a source of serious embarrassment for the government, even though demonstrations were usually confined to the campus premises.

Now that the students' prime objectives have been achieved, it is uncertain what impetus their

movement will retain. The vision of some of the movement's more ambitious leaders that Malay students will assume the same influential role played by Indonesian youth during and following the overthrow of Sukarno seems highly unrealistic. Malay students do offer an enticing vehicle for opportunistic Malay politicians, but close surveillance by the police of student activities will probably keep the situation in hand.

Perhaps the most significant Malay interest group is the military. The Malaysian military establishment, through its participation in the emergency government, has for the past year and a half been involved in political affairs to an unprecedented degree. How and to what degree the military has sought to influence political decisions up to now is unclear. There is little question, however, that the military establishment reflects parochial Malay interests. Regardless of the political role the military chooses or is forced by circumstances to assume, it is likely to remain an instrument of Malay nationalism.

The top command structure of the armed forces is dominated by Malays as are the 12 royal Malay regiments, the backbone of the Malaysian Army. Aware of the Maoist adage that political power grows out of the barrel of a gun, the government has carefully preserved the exclusive Malay make-up of the regiments as a symbol of Malay political supremacy. Within the officer corps, there is considerable evidence of nationalist Malay dissatisfaction, especially at the junior and middle levels. According to one report, 60 officers of one Malay regiment signed a petition last year calling for the Tunku's resignation. The rank and file of the regiments are recruited from Malay peasant stock and are narrowly racist in outlook. Depending on which accounts are believed, the regiments at best did little to curtail the anti-Chinese violence of May 1969 and, at worst, actively participated in it.

Presently the top command structure of the military is dominated by the "Johore clique," a close-knit and influential association of senior and junior officers connected by marriage and place

SECRET

SECRET

25X1

of birth. The Armed Forces Chief of Staff, General Ibrahim, is the number-one member of the group. For the past year and a half Ibrahim has also been an influential member of the National Operations Council (NOC), the executive organ of the emergency government. Although he is not politically ambitious, he possibly could be persuaded at some crisis point that military intervention might be needed to "save the nation." Of the 63 top positions in the armed forces—from general down through colonel, including navy and air force equivalent ranks—the "Johore clique" holds approximately 20 percent. The individual and collective influence of this group of like-minded, closely associated officers even though it has no formal organization is unrivaled within the military. Another key figure associated with the "Johore clique" is the army commander, General Nazaruddin, who comes from Pohang. Nazaruddin is known to hold and to have openly expressed strong Malay nationalist views. None of this means that the military establishment is disloyal to Razak. On the contrary, the new prime minister is generally regarded as the civilian politician most favorable to the military's desires and aspirations.

The Chinese Dilemma

There is a deadly symmetry at work today in Malaysian politics. If the government faces a hardening of Malay communal feeling and diminished support within the Malay community, its problems and prospects on the Chinese front are at least as grim. Essentially the government is confronted with Chinese rejection of the time-honored Malaysian recipe for political and social stability. This traditional formula tacitly provided for Malay political domination and special privileges in such areas as government jobs, education, and land ownership in return for which the Chinese would be awarded citizenship. The political vehicle for this arrangement between the Malay and Chinese establishments was an "Alliance" in which UMNO shared political power on a token basis with its client party, the Malaysian Chinese Association (MCA). Chinese voting strength was

restricted by the assignment of disproportionately heavy representation to rural Malay districts and by the MCA's willingness to contest only a mutually agreed-upon number of "Chinese" parliamentary seats.

The Alliance arrangement, in other words, was based on a racial myth—that Chinese don't mind who owns the cow as long as they can milk it. This myth has achieved considerable currency in Southeast Asia because of the remarkable ability of the outnumbered Chinese to make necessity a virtue. In Malaysia, however, where Chinese are roughly equal to Malays in number, it has been wearing thin for a long time. No longer willing to limit voluntarily their political leverage for the sake of communal harmony, the younger generations of Chinese have become increasingly dissatisfied with the leadership of the MCA. Moreover, the Chinese, seemingly more aware of growing Malay nationalist sentiment than the government itself, have come to view the full exercise of their political rights as the best means to protect themselves and their hard-earned economic position from eventual Malay encroachment and suppression. The expulsion of Singapore from Malaysia in 1965—the result of Lee Kuan Yew's attempt to extend his political organization to Malaysia and offer an alternative to MCA representation—served as a catalyst for this growing Chinese political restiveness. The full force of Chinese discontent was dramatically reflected in the strong showing of two relatively new and underorganized Chinese opposition parties in the elections of May 1969. The Democratic Action Party (DAP) and Gerakan captured between them nearly a fifth of parliament's seats, winning in the process 14 of the 27 seats formerly held by the MCA.

At present, the DAP and Gerakan are taking a cautious approach to the resumption of political activity, concentrating on repairing the damage done to their organizations by the last year and a half of inactivity. Eventually, however, both parties intend to get on with the job of building a base of support throughout West Malaysia. In this

SECRET

OVERSEA-CHINESE BANKING CORPN., LTD.

the **STRONGEST** and **LARGEST**
BANK in **MALAYSIA**
and **SINGAPORE**



Head Office.
CHINA BUILDING,
CHULIA STREET,
SINGAPORE, 1.

Branches:
SINGAPORE:
North Bridge Road, South Bridge Road, Malacca Street, Selegie Road, Joo Chiat Road, Orchard Road, Office at Nanyang University, Geylang Road, Woodsville Circus, Airport New Terminal Building, East Coast Road and Robinson Rd

MALAYSIA:
West Malaysia:
Alor Star, Batu Pahat, Bukit Mertajam, Ipoh (3 offices), Johore Bahru, Klang, Kluang, Kota Bharu, Kuala Lumpur (4 offices), Kuantan, Malacca, Muar, Penang, Segamat, Seremban, Taiping, Tangkak and Teluk Anson.

East Malaysia:
Kuching; Koto Kinabalu
















The Bank for All — Big and Small

**AGENTS IN ALL THE PRINCIPAL CITIES OF THE WORLD
EVERY DESCRIPTION OF BANKING & EXCHANGE BUSINESS TRANSACTED.**

A Symbol of Chinese Economic Power

Special Report

13 November 1970

SECRET

SECRET

25X1

effort, the DAP, which ran ahead of Gerakan in the elections, will probably make the greatest gains.

The DAP, spiritual descendent of the People's Action Party (PAP) of Singapore, was formed after Singapore's expulsion from the Federation. Although the DAP ostensibly opposes racial politics, a very definite tone of Chinese chauvinism creeps into its noncommunalism. The party calls for democracy "with no preconditions" and multilingualism in education and government. It views Malay royalty as a feudal drag on the nation and condemns the system of special Malay privileges incorporated into the constitution as an example of the paternalism that has kept the Malay in a backward economic condition. The DAP does not participate in the National Consultative Council (NCC), an appendage of the emergency government set up to consider the problem of national reconciliation, because the government refused to accredit the DAP candidate, who was then in jail. The party's press releases during emergency rule, the only form of political activity allowed, remained strident, however, and there is no indication that the DAP is now prepared to back away significantly from its strong opposition to the government.

The DAP's platform is without doubt an accurate reflection of popular Chinese opinion. Yet it could be a tragedy of the first order if the party continues to grow in appeal and becomes the clear-cut choice of the Chinese electorate. To the government, the DAP is anathema. It strongly suspects that the party's strings are pulled from Singapore, although there is no foundation to this as far as is known. Further, the government considers, with a certain degree of justification, that the DAP is an unreconcilable agent of communal divisiveness. At the moment it is impossible to imagine any cooperation between the DAP and the Razak government or any other future Malay government.

The Gerakan Party shares the democratic socialist precepts of the DAP and many of its

communal views, but it has adopted a far different tactical approach to political survival in a Malay-dominated state. Although it remains essentially a Chinese party, it has made a genuine effort to assume a multiracial character and has been moderately successful in attracting non-Chinese recruits. Unlike the DAP, Gerakan has adopted a cooperative posture and has gone out of its way to avoid antagonizing the government. The party participated in the proceedings of the NCC and last summer was seriously considering a government invitation to move into the Alliance and take part in the new cabinet.

Gerakan discovered, however, that its policy of cooperation was weakening its support within the Chinese community, one more indication of the polarization of communal feeling in Malaysia. This, plus the realization that the new Razak government will be emphasizing Malay benefits rather than concessions to the Chinese community, forced Gerakan to the conclusion that collaboration with the government would amount to political suicide. In late August the party withdrew from its discussion with the government; Gerakan participation in the Alliance now seems a dead letter. As political activity gets under way again, Gerakan is likely to move a little closer to the DAP position and to the center of Chinese opinion.

This leaves the government holding an empty bag. Although the MCA still functions as the Chinese component of the Alliance, it is politically bankrupt and firmly identified in most Chinese eyes as an organization of millionaire Chinese "Uncle Toms." The MCA's leader, Finance Minister Tan Siew-Sin, has publicly admitted that he can no longer speak for the Chinese masses, a candid statement that has caused the government considerable embarrassment. Although talk is still heard of pumping new blood into the MCA, there seems small chance that it will be resuscitated to any significant degree.

The government's abortive attempt to bring Gerakan into the Alliance clearly indicates the

SECRET

SECRET

25X1

25X6

25X6

moderate Malay leadership's awareness of the need to provide for more meaningful Chinese participation and representation in the government. Given the present degree of communal polarization, however, there is no readily apparent solution to this problem. As a result, Razak reportedly is said to be considering scrapping the Alliance in favor of a single integrated party open to all races. Although such a move could be a first step toward repudiation of communal politics in Malaysia, it is not likely to solve the government's immediate racial problems. The evolution of a truly multiracial and democratic party will be a slow process at best. For the time being, a new government party would be dominated by the former UMNO leadership; the problem of attracting meaningful Chinese participation would not be significantly lessened.

Tunku's charisma or shared any of the respect enjoyed by the Tunku within the non-Malay population. Following the May 1969 riots, when the Tunku went into a period of semi-retirement,

Razak will have to prove himself equal to the difficult tasks ahead. Fortunately he will have the able assistance of the Deputy Premier and Home Affairs Minister Tun Dr. Ismail. Ismail is without question the most effective and widely respected politician in the government.

25X6

Perhaps one limited move in the right direction would be to seek an improvement in relations with the Singapore government of Lee Kuan Yew. Lee remains a popular figure among Malaysian Chinese, and even his indirect endorsement of the new Razak government might help reduce Chinese alienation and apprehension. It will be difficult for the government to move in this direction, however. Last August, Lee canceled his first trip to Malaysia since Singapore left the Federation after Kuala Lumpur had reacted bitterly to a trivial incident between Singapore police and a group of visiting Malaysian hippies—a good example of the role paranoia and suspicion still play in Malaysian-Singapore relations. Cosying up to Lee would also be likely to exacerbate tensions between moderate and radical Malay elements, and, in fact, there has been no visible extension of an olive branch in Lee's direction.

The New Government Team

The caliber and stability of the government caught within this communal vise is difficult to judge. The greatest unknown is Tun Razak himself. Although groomed for years as the heir apparent, Razak never developed any of the

The most interesting aspect of the new cabinet is the central role to be played by Ghazali bin Shafie, formerly the permanent secretary of the Ministry of Foreign Affairs. Ghazali was appointed to the senate last month in order to make him eligible for a cabinet position. As minister "with special functions" he has been given the crucial task of coordinating and implementing the government's efforts to restore national unity and to expand Malay participation in the nation's economic life. Ghazali's performance in this crucially delicate role is presently a matter of great conjecture in Kuala Lumpur. An opportunist with long-standing political ambitions, Ghazali in the past has oscillated between the camps of Malay moderates and chauvinists. Ghazali is also known for his abrupt and abrasive manner and his proclivity for making enemies. Although a long-standing member of UMNO, his entry into the cabinet via the back door has already raised the hackles of a number of UMNO politicians. Whether or not his widely recognized intellectual brilliance and ability can outweigh his disruptive manner remains to be seen.

After Razak, Ismail, and Ghazali, there is little to be said about the new cabinet members.

SECRET

SECRET

25X1

The New Leaders



Deputy Prime Minister Ismail



Prime Minister Tun Razak



Minister with Special Functions
Tan Sri Ghazali

Special Report

- 9 -

13 November 1970

SECRET

SECRET

25X1

A lack of leadership depth is a real problem for the Razak government just as it was for its predecessor. Largely because of the authoritarian manner in which UMNO has been run in the past, adequate second-level leadership simply has not developed. Ghazali bin Shafie, for example, has for years been considered the only young "up and comer" in UMNO worth mentioning.

Razak has brought two other Malays into his cabinet. Education Minister Hussein bin Onn is distinguished mainly by his loyalty to Razak, but he is regarded as a racial moderate and brings into the cabinet the magic of the Onn name—his father was the founder of UMNO. The other Malay is Mohamed Khir bin Johari, the minister of commerce and industry. Although Khir has somewhat blotted his copybook as former minister of education and as UMNO manager of the 1969 elections, he nonetheless has the ear of the UMNO Executive Committee. If Tun Dr. Ismail—for health or other reasons—should become unable to continue to serve as deputy prime minister, Khir could lay strong claim to that position, probably with the support of the party hierarchy. Razak and Khir are not particularly close,

25X1

25X1

Only one member of the previous cabinet was dropped from the new one, an MCA minister whose notorious corruption had become an intolerable burden for the government. The cabinet thus remains loaded with ministers closely associated with the Tunku. Most of them will eventually go as Razak seeks to give his new government a more dynamic character. The timing of their departure, however, may depend at least in part on how much influence the Tunku can still exert or intends to exert from his retirement residence in Kuala Lumpur. Most observers believe that there will be no further cabinet changes until after parliament convenes in February.

*Future Policy Directions:
Political Restrictions and Malay Benefits*

Although the caliber of the new leadership remains a question mark, its modus operandi is

slowly emerging. First of all, the government is intent on preventing another round of racial violence. There are still clear signs of underlying communal tension in Kuala Lumpur and large numbers of police still patrol the streets, but in most aspects life has long since returned to normal, and the government has been remarkably successful in preventing inevitable minor racial incidents from turning into serious trouble.

Aside from effective police work, the government has attributed its success in maintaining order to the absence of communal polemics during the past year and a half of emergency rule. Accordingly, it is in no hurry to give up all of its emergency powers. Razak has pledged that parliament will once more be the supreme political authority when it reconvenes next February. The National Operations Council will be abolished and a new "National Security Council" established. This group will be concerned with both internal and external security matters, and, as planned, would be an advisory group only, with neither executive nor legislative authority. The government, in conjunction with the return to open political life, has, however, placed extensive restrictions on future political debate. In essence the restrictions forbid public discussion of the provisions of the constitution relating to citizenship, national language, Malay rights and benefits, and the sovereignty of Malay rulers. The government is empowered to proscribe entire political organizations that habitually violate these restrictions. Going one step further, when parliament reconvenes in February, it will be greeted by a government-sponsored constitutional amendment removing the members' parliamentary immunity from punishment for infractions of the new restrictions on political debate.

The essence of the government's position seems to be that Malays cannot be pacified if non-Malays are allowed to question the political status quo; the curbing of political debate is necessary to prevent a recurrence of the May 1969 disturbances. Nevertheless, it is hard to escape the conclusion that the restrictions are also designed to handcuff or possibly destroy the government's Chinese opposition. If the new

SECRET

SECRET

25X1

restrictions are given a broad interpretation, the public platform of the DAP will for all practical purposes be swept away. Needless to say, this has given a somewhat hollow ring to the resumption of open political activity and the convening of parliament. Public reaction thus far has been restrained, but resentment is bound to grow and could reach a dangerous level if the government is tempted to use the restrictions as an outright weapon of political suppression. Whether in the long run the restrictions will help achieve their stated objective of racial peace remains very much an open question.

As the curbs on political debate suggest, future domestic policy will have a pro-Malay cast. This, of course, has been a foregone conclusion. Razak and his colleagues are, after all, Malay politicians, and their Malay constituency must be recaptured, soothed, and reassured if the present government is to survive. Unanswered are the questions, can the government achieve this end and maintain its balance in the process, and how far will it be willing to go in satisfying Malay aspirations at the expense of Chinese interests?

In the sensitive area of language policy the government has already made its move. Beginning this year English-track schools in the Malaysian educational system will start to convert to Malay, on a stair-step basis. In 1986, English instruction at the fourth-year university level will end, thus completing the process. This action has not fully satisfied Malay opinion but hopefully will be accepted as a step in the right direction. Many Malays are unhappy that similar action was not taken in regard to Chinese-track schools. The Chinese are more unhappy. They have been the primary user of the English-track system, but, more important, they view the government's actions as being the prelude to Malayanization of the Chinese school system. The government's action has been tempered, however, by a recent official statement that implied that scientific and technical subjects will still be taught in the appropriate language—generally interpreted as English.

The compromise decision to scale down instruction in English has allowed the government to maintain a degree of communal balance in its educational policy and still satisfy nationalistic Malay interests. In doing so, however, the government ironically has undermined more important long-term Malay interests. An obvious way to remedy the existing economic imbalance between Chinese and Malay is to produce more Malay graduates who can compete with the Chinese in the English language - oriented world of business. The fact that the nation's language policy is now headed in the opposite direction is a perfect example of the problem the Razak government faces in reconciling emotional Malay nationalism and Malaysian national interests.

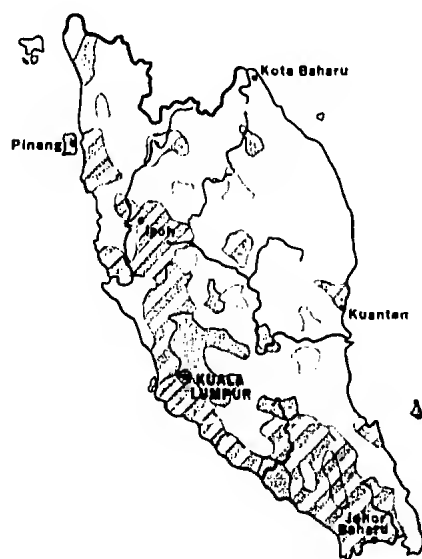
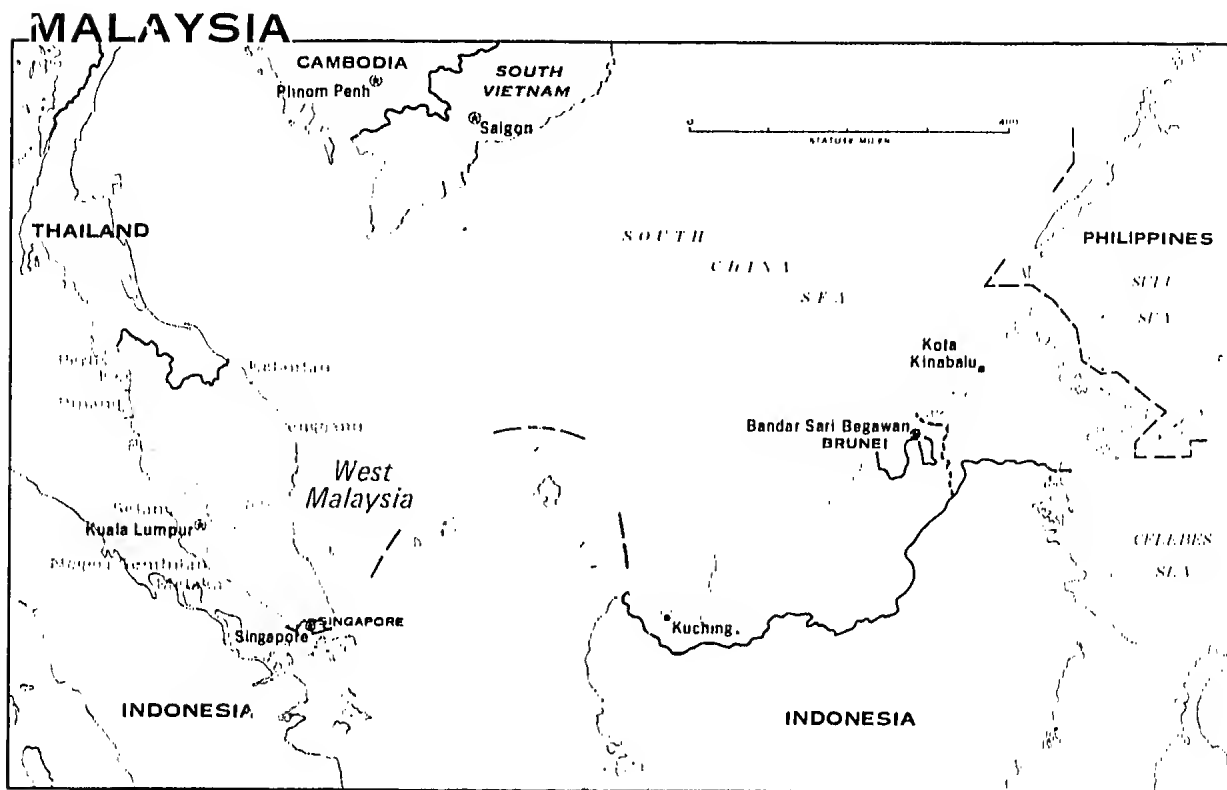
The same phenomenon also can be seen at work in the current effort to Malayanize the government bureaucracy. Although most senior positions in the civil service are staffed by Malays, the rest have been filled primarily by non-Malays who think out and implement government policy. This has long been a sore point for Malays, and the government is now attempting to correct the situation by accelerated promotion and hiring of Malays. What this can do to the morale of better qualified non-Malay civil servants who remain essential for the effective functioning of the bureaucracy goes without saying.

Malayanization appears to be taking a particularly ominous turn in the Special Branch of the Malaysian Police, the nation's internal security service. The Special Branch has always operated primarily against Chinese targets, especially the Malaysian Communist Party. As a result, it is hardly surprising that its make-up is over two thirds non-Malay, the majority of whom are Chinese. Recent promotions, however, have been heavily weighted in favor of Malay officers, and the Malay director of the Special Branch has been under heavy pressure from above to terminate contracts of many Chinese officers and to restrict further Chinese recruitment. That a predominantly Chinese security force is now suspected and unacceptable to growing numbers of

SECRET

SECRET

25X1



SELECTED ETHNIC GROUPS

- ☐ Malay
- ☐ Chinese
- ☐ Indian (predominantly Tamil)
- ☐ Other

West Malaysia

550448 11 70

Special Report

- 12 -

13 November 1970

SECRET

SECRET

25X1

Malays sadly reflects the present degree of racial polarization in Malaysia. Nevertheless, if Malayization is allowed to continue at its present pace in the Special Branch, the effectiveness of Malaysia's internal security apparatus will deteriorate. That the government would flirt with this possibility in order to appease communal sentiment is not a hopeful sign for the future.

Another area in which the government could easily lose its balance is that of economic policy. Chronic Malay resentment and dissatisfaction is based in large part on the economic disparity between the Malay and Chinese communities. Malays, for example, account for only 9.1 percent of managerial and professional personnel and only 13.8 percent of the technical and supervisory workers in the labor force, and Chinese income per capita exceeds Malay income by 75 percent. The Razak government has publicly committed itself to reducing this imbalance, and its survival could depend on the results it obtains.

Last March the National Operations Council announced general guidelines for a "new economic policy"—the first major step in the government's attempt to convince Malays that it is ready to embark on a vigorous program to better their economic lot. In August, the economic committee of the National Consultative Council incorporated these guidelines in its recommendations to the government. The proposals chart out a number of general areas of effort. First, government reform and participation in the rural marketing and credit facilities are called for. The flow of rural Malays into the urban sector is to be encouraged and facilitated by government information, welfare assistance, and massive "job corps" programs. Industrial firms are required to hire a certain percentage of Malay staff at all personnel levels under mandatory employment quotas. And direct government participation in the private sector—through joint government-Malay ventures, the blanket reservation of certain pioneer industries for Malay capital, and government loans or capital-holding for Malay ventures—is suggested as a possible way to guarantee Malay opportunity.

Everyone on the Malaysian political scene, including the Chinese opposition, agrees that high priority should be attached to attacking economic imbalance. There is little agreement, however, on exactly how this should be done; and, not surprisingly, the government's future economic policy has become a matter of considerable controversy. Critics of the government guidelines, including most of the non-Malay economists and planners within the bureaucracy, complain that such blatantly preferential treatment will be deeply resented by the Chinese and only worsen the nation's racial problem. More specifically, they fear that rigid employment quotas and government intrusion into the private sector will slow down the rate of economic growth and inevitably lead to a sharp hike in urban Chinese unemployment—something that could result in a dangerous rise in communal tension.

Recently various government spokesmen, including the man on the spot, Ghazali bin Shafie, have attempted to defuse such criticism by pledging the government's determination to work on the behalf of all economically deprived citizens regardless of race, a program that would on the face of it affect poor Chinese also. Exactly what Ghazali's rhetoric means, however, is unclear. Most economically deprived citizens are Malay. As a matter of political expediency, if nothing else, the government must come up with a program that primarily benefits the Malay. The damage done to Chinese interests will depend on the specific legislation introduced in parliament next February and the manner in which the legislation is implemented. In the meantime, government economic planning will remain the source of considerable Chinese apprehension.

The Test Ahead

In the months ahead, the effort to restore Malaysian political and social stability will rightfully absorb most of the government's attention and energy. But there are other problem areas. Kuala Lumpur faces a potentially explosive situation in the East Malaysian State of Sarawak, where local political forces are continuing to

SECRET

SECRET

25X1

resist strong federal control. On the international front, the reduction of British military presence is forcing the government to reassess its position in world and regional affairs. There are already clear signs that the Razak government intends to follow a more obviously nonaligned policy, although it will probably remain in most respects oriented toward the West. In addition, the government is still confronted with a persistent and growing Communist insurgency, not only along the frontier with Thailand but in the jungles of East Malaysia as well. It is difficult to exaggerate the potential Communist threat to Malaysia. Present Communist capabilities and resources are limited, however, and, barring a breakdown of Malaysian political and social order, the insurgent threat can probably continue to be contained as it has been for years. But the government is far more concerned with the political communal tasks that lie ahead than with Communist activity or other peripheral problems, and it has got its priorities straight.

Given the many political unknowns and variables within the present situation, an assessment of the government's ability to hold a moderate and rational course is difficult. Under the best of circumstances, the Chinese community will probably have little to smile about in the coming months, and Chinese disaffection is bound to remain a leading feature of the political landscape. The Chinese are not likely, however, to take the lead in a renewal of communal violence in which they would be the inevitable losers. Similarly, the specter of a mass Chinese turn to Communist struggle remains only that—a specter. The Malayan Communist Party did not pick up much Chinese support as a result of the riots of May 1969, and at present there appears to be little sentiment within the Chinese community for such a desperate alternative. Furthermore, the Communists believe that their strong Chinese image is both an ideological and practical drawback, and they have been attempting to put their movement on a class rather than racial basis. Consequently—at least so far—they have avoided the temptation of using Chinese chauvinist appeal in their recruiting efforts.

The greatest danger to stability will come from within the Malay community. If the government proves unwilling or unable to satisfy Malay demands and rebuild Malay confidence in UMNO leadership, communal tension will rise while governmental authority declines. In such unstable circumstances the military might well move in to control the situation. But an army coup d'etat against the moderate Malay leadership seems most unlikely. Any military intervention would be without the backing of the air, naval, and support services of the armed forces, all heavily staffed by non-Malays, and would almost certainly cause instant chaos. A distinct possibility, however, is the forceful assertion of Malay military influence behind the facade of civilian government. Shortly after the May 1969 riots, Razak, in his capacity as chief of the NOC, offered to turn the government over to the military. In similar circumstances he could flinch again. With either a military-dominated government or the emergence of a more openly nationalistic civilian regime, the possibility of an extreme Chinese reaction would escalate. The outcome could range from a sharp deterioration in the functioning of the government and economy, both heavily dependent on Chinese participation, to destructive racial civil war open to Communist exploitation.

Fortunately, such pessimistic speculation is still premature. Despite the multitude of pitfalls ahead, there are a few bright spots. The absence of serious racial incidents during the past year and a half is a hopeful sign. Another plus is Malaysia's continuing economic boom. The government has an economic development cushion that should allow it, with a little balance and finesse, to improve the Malay economic position at minimum expense to the Chinese. The greatest favorable factor, however, is simply the lack of appealing alternatives to the present leadership. The Razak government may now be the only thing standing between the present uneasy situation and national breakdown—a situation that all parties on the political spectrum probably realize, at least in their more candid moments. At any rate, the real testing period for the new government lies ahead. Its right to survive will be judged

SECRET

SECRET

25X1

on the basis of how it handles its parliamentary opposition next February, the specific legislative programs it comes up with, and the manner in which it implements its new policies, especially in the economic area. Although the general outlines of government policy have emerged, it is still far too early for anyone to pronounce judgment. The question of whether a moderate Malay government can survive in Malaysia is not likely to be answered within the next six months.

Regardless of the eventual answer to this central question, there seems little chance that Malaysia can return to democracy along pre-1969 lines. The political tight-rope Razak is walking leads directly to the parliamentary elections due three and a half years hence—a date far in the future but nevertheless in the back of everyone's

mind. During this period communalism is almost certain to remain the driving force of Malaysian politics. It is difficult to imagine a reversal of the trend toward greater Chinese political assertiveness; the Chinese opposition parties are likely to compound their 1969 electoral gains in future elections. A glance at the population chart shows that the non-Malays will hold the political balance of power in a truly democratic system. No Malay government, including the present one, is likely to consider letting this happen. There is, of course, plenty of ground between outright Malay political suppression and total democracy. Hopefully, what can be obtained is a gradual transition from executive control to some form of limited representative government—a process that will allow a new beginning for long-term development of racial reconciliation and a noncommunal political system.

25X1

* * *

SECRET